

To the Members of the California State Senate:

I am returning Senate Bill 1499 without my signature.

California law relative to how employers must pay their employees and what, if any, fees may be charged in association with cashing a paycheck are confusing, antiquated and do not conform with modern banking practices. This particularly affects those low-wage workers who too often have no relationship with a bank and instead pay a fee to cash their paychecks. Litigation is currently pending that may resolve some of this confusion.

Unfortunately, this bill does nothing to remove the confusion that exists in this area, but instead targets the practice of one particular employer that offers, but does not require, an option to employees to cash their paychecks for a nominal fee. Although I encourage these workers to establish a relationship with a financial institution so that they may cash their paychecks without paying a fee, I see no reason to ban in statute the option currently offered by the aforementioned employer. Worse, I fear that the absence of this option will force employees to use more expensive options to cash their paychecks.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger